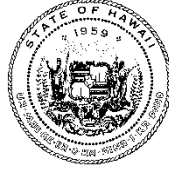


NEIL ABERCROMBIE
GOVERNOR



DEAN H. SEKI
Acting Comptroller

JAN GOUVEIA
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DEAN H. SEKI, ACTING COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS
ON
February 10, 2012

S.B. 2012, PROPOSED S.D. 1

RELATING TO PUBLIC FUNDS

Chair Ige and members of the Committee, thank you for the opportunity to testify on S.B. 2012, Proposed S.D. 1.

The Department of Accounting and General Services (DAGS) supports this bill provided its passage does not replace or adversely impact priorities indicated in our Executive Budget.

The intent of the measure is to stimulate the economy through construction projects and the need to address the backlog of repair and maintenance or renewal and deferred maintenance projects as well as the need to develop sustainable and renewable energy resources and implement energy efficiency projects statewide.

To help expedite the implementation of this bill, we request that language be included to identify the DAGS as the expending agency for agencies that will use DAGS to implement the planning, design, construction, and equipment projects. For agencies that will only use DAGS

for a portion of the total appropriation, we request that DAGS be the expending agency for the portion that will be implemented by DAGS.

Thank you for the opportunity to testify on this matter.



The Judiciary, State of Hawaii

Testimony to the Senate Committee on Ways and Means

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

Friday, February 10, 2012, 9:00 a.m.
State Capitol, Conference Room 211

by
Tom Mick
Policy and Planning Department Director

Bill No. and Title: Senate Bill No. 2012, Proposed S. D. 1, Relating to Public Funds.

Purpose: Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawai‘i, Hawai‘i Health Systems Corporation, and the Judiciary. Exempts contracts of less than \$500,000 entered into by the Department of Education, University of Hawai‘i, Department of Accounting and General Services, Department of Agriculture, Department of Defense, Department of Health, Hawai‘i Health Systems Corporation (as a body corporate and politic), Department of Human Services, Department of Land and Natural Resources, Department of Public Safety, and the Judiciary from the procurement code. Provides for exemptions from county permitting, licensing, and certification requirements. Makes certain procurement provisions permanent. Requires the procurement policy board to create an expedited procurement process for contracts resulting from appropriations made pursuant to this Act.

Judiciary's Position:

The Judiciary is in strong support of Part XV of Senate Bill No. 2012, Proposed S.D. 1, which would appropriate funds to reduce the backlog of repair and maintenance projects in the Judiciary, using energy efficient materials and sustainable and renewable energy strategies, as much as possible, to lessen energy consumption. We also concur with Senate Bill No. 2012's express aim of stimulating the economy and creating jobs by increasing construction activity and focusing on repair and maintenance projects.

Thank you for the opportunity to testify on this measure.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2012, PROPOSED S.D. 1

February 10, 2012

RELATING TO PUBLIC FUNDS

Senate Bill No. 2012, Proposed S.D. 1, will issue an additional \$500,000,000 in general obligation (G.O.) bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, the Hawaii Health Systems Corporation, and the Judiciary. This measure will also streamline the procurement process by exempting contracts of less than \$1,000,000 from the procurement code; providing for exemptions from County permitting, licensing and certification requirements; making certain procurement provisions permanent; and requiring the Procurement Policy Board to create an expedited procurement process for contracts resulting from appropriations made pursuant to this measure.

The Department of Budget and Finance supports the intent of this measure to provide funding for deferred maintenance and capital renewal projects to stimulate the construction industry. For the Committee's consideration, it should be noted that the issuance of \$500,000,000 in additional G.O. bonds will generate additional debt service payments beyond the amounts included in the Governor's FY 13 supplemental budget request. Hawaii Revised Statutes provides limits on the structure new debt and therefore, the Department of Budget and Finance considers debt issuance structures and long-term financial strategy with each transaction.

Areas that are considered include debt service amounts, cash needs and planning horizons, duration of debt, timing of principal repayments, interest costs, etc. There are many factors to be considered with debt issuance. In consideration of the CIP appropriations and the current supplemental budget request, the Legislature should consider appropriating a sufficient amount of fiscal funds for debt service to meet the additional presumed debt.

For general planning purposes, the Administration currently assumes all G.O. bond debt to be issued for a duration of 20 years. Also, the Administration assumes that debt will be issued with as much as a 5-year delay of principal repayment. The coupon rate for new bonds is conservatively budgeted at an assumed coupon rate of 5.25%. Based on these criteria, the department advises that the Legislature should expect that for every \$100 million in G.O. bond debt appropriated, the budget should accommodate annual debt service of approximately \$5,250,000 for years 1 through 4. However, for years 5 through 20, the annual debt service on that \$100 million will be approximately \$9,400,000.

More plainly, for \$500,000,000 in additional G.O. bond appropriation, the annual debt service for each year through year 4 will be \$26,250,000 which assumes interest-only payments. For years 5 through 20, the annual debt service will be approximately \$47,000,000 which will include principal and interest payments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
 Senate Committee on Ways and Means
 February 10, 2012 at 9:00 AM
 by
 M.R.C. Greenwood
 President, University of Hawai'i

SB 2012 PROPOSED SD 1 – RELATING TO PUBLIC FUNDS

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means:

Thank you for the opportunity to testify in support of this measure.

SB 2012 Proposed SD 1 proposes the issuance and appropriation of general obligation bonds to address repair and maintenance, capital renewal, and the reduction of deferred maintenance for various State departments, including the University. SB 2012 Proposed SD 1 also proposes changes to the State procurement processes.

We are grateful for considering such a measure to create jobs to restore our economy and rebuild our infrastructure. As you know, our needs are sizeable and a detailed priority list of renovation, capital renewal, and backlog of maintenance projects, as well as projects benefiting Mānoa Athletic Programs was provided to the Committee last week. Below is a summary of the information provided:

Campus	Type of Work	Total	Shovel Ready Total
University of Hawai'i at Mānoa	Renovation, Capital Renewal, and Backlog	130,800,000	115,800,000
	Athletics CIP Projects	12,500,000	0
	University of Hawai'i at Mānoa Total	143,300,000	115,800,000
University of Hawai'i at Hilo	Renovation, Capital Renewal, and Backlog	36,531,000	20,250,000
	University of Hawai'i at Hilo Total	36,531,000	20,250,000
Community Colleges			
Hawai'i Community College	Capital Renewal and Backlog	9,242,000	2,195,000
Honolulu Community College	Capital Renewal and Backlog	17,763,000	4,906,000
Kapi'olani Community College	Capital Renewal and Backlog	8,294,000	3,973,000
Kaua'i Community College	Capital Renewal and Backlog	1,743,000	1,448,000
Leeward Community College	Capital Renewal and Backlog	17,556,000	4,654,000
Maui College	Capital Renewal and Backlog	7,966,000	6,036,000
Windward Community College	Capital Renewal and Backlog	4,132,000	1,940,000
	Community College Total	66,696,000	25,152,000
Systemwide Total		246,527,000	161,202,000

The total listing for high priority renovation, capital renewal, and reduction of backlogged maintenance projects is \$246.527 million, of which \$161.202 million are “shovel ready”.

Also, it is our preference that Parts IV, V, VI, be consolidated into one appropriation for the University of Hawai'i System, as the Legislature has done historically when appropriating for such purposes in the Executive budgets. A lump sum appropriation provides the University with the administrative flexibility to distribute funds equitably based on the priority of projects that are shovel ready.

In addition, the University supports those provisions in this measure which would streamline the procurement process for the capital improvement projects authorized by this bill as provided in Part XVI.

We realize that our needs are many, and that there are limited resources for other competing needs. SB 2012 Proposed SD 1 has the potential to positively impact the physical environment at all of our campuses, which will benefit the entire University of Hawai'i community and the state.

Thank you for the opportunity to testify on this measure.

Date: 02/10/2012

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2012,SD1 Proposed RELATING TO PUBLIC FUNDS.

Purpose of Bill: Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Exempts contracts of less than \$500,000 entered into by the department of education, University of Hawaii, department of accounting and general services, department of agriculture, department of defense, department of health, Hawaii health systems corporation as a body corporate and politic, department of human services, department of land and natural resources, department of public safety, and judiciary from the procurement code. Provides for exemptions from county permitting, licensing, and certification requirements. Makes certain procurement provisions permanent. Requires the procurement policy board to create an expedited procurement process for contracts resulting from appropriations made pursuant to this Act.

Department's Position:

The Department of Education strongly supports this bill. This additional funding will enable the DOE to make significant reductions to the repair and maintenance backlog, which currently stands at \$382 million. In addition, the added flexibility of utilizing small purchase rules for projects up to \$1,000,000 under electronic procurement will allow the DOE to expedite projects, where appropriate, to get as many projects bid out as soon as possible. Since September 2008, the DOE has been using the Hawaii Electronic Procurement System (HePS) for construction projects, first up to \$100,000, then up to the current limit of \$250,000. During that time, the DOE has issued 1,121 projects worth more than \$37 million using HePS. These projects included work in all school districts. The DOE's experience with HePS has been a positive one and we feel confident that, given this new flexibility, we will be able to expedite even more projects. Thank you for the opportunity to testify on this bill.



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 587-4700 Fax: (808) 587-4703
<http://hawaii.gov/spo>

**TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS**

February 10, 2012

9:00 a.m.

SB 2012, Proposed SD1

RELATING TO PUBLIC FUNDS.

Chair Ige, Vice Chair Kidani and committee members, thank you for the opportunity to testify on SB 2012, Proposed SD1. The State Procurement Office's (SPO) testimony is limited to PART XVI, SECTIONS 30 and 31. The Proposed SD1 allows the authorized CIP funds be expended using the §103D-305, small purchases method of procurement, limited to projects less than \$1,000,000, conducted on an electronic system and not subject to §103D-701 on protest.

The SPO supports this bill to expedite the various repair and maintenance (R&M) projects through an abbreviated procurement process using the small purchases method of procurement conducted on an electronic procurement system.

The electronic procurement system is the fairest, most efficient, time saving method of procuring small purchases. Electronic procurement ensures the greatest amount of competition by electronically notifying all prospective bidders, not just a few, in an open and transparent environment.

Small purchases without an electronic procurement requirement are inherently unfair because there is no public notice issued and the purchaser decides whom to contact for the three price quotations. That process is secretive, hidden from public view, prone to misuse, abuse and manipulation (i.e. purchaser will get a quote from a friend/preferred vendor and get 2 more quotes that are higher than the friend/preferred vendor, assuring friend/preferred vendor is selected).

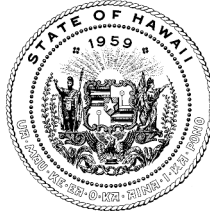
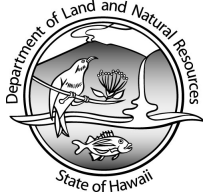
SB 2012, Proposed SD1
Senate Committee on Ways and Means
February 10, 2012
9:00 a.m.
Page 2

The electronic procurement requirement is to assure all interested parties are electronically notified of the procurement and provided an equal opportunity to submit a price quotation in a transparent and open manner. The electronic procurement (e-procurement) system is utilized for issuing and responding to solicitations. Components include vendor (i.e. vendors, contractors and service providers) registration, electronic solicitation, e-mail notification to vendors, submission of electronic price quotations by vendors, and electronic (notice of) award. The e-procurement system automates the procurement system, allows for collection of comprehensive data on expenditures, reduces procurement cycle time, reduces the cost of conducting procurement and the increased competition, results in competitive pricing.

The SPO administers the Hawaii Electronic Procurement System (HePS), used by executive departments and various other jurisdictions, which was launched in 2005 in a pilot phase and by late 2006 was fully implemented. New vendors may view information, instructions and register at <http://hawaii.gov/spo>, click on *Hawaii Electronic Procurement System (HePS)*, then click to the Vendors page. Registration takes about 15 minutes to complete the process, including identifying the vendor category codes for construction related services and materials.

The SPO supports PART XVI, SECTIONS 30 and 31 of this bill. Thank you.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Friday, February 10, 2012
9:00 A.M.
State Capitol, Conference Room 211**

**In consideration of
SENATE BILL 2012 PROPOSED SENATE DRAFT 1
RELATING TO PUBLIC FUNDS**

Senate Bill 2012 Proposed Senate Draft 1 issues unspecified amounts of general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various agencies and departments, including the Department of Land and Natural Resources (Department); requires that capital improvement projects authorized pursuant to this measure for goods, services or construction less than \$1,000,000 be conducted as a small purchase procurement through an electronic system; specifies that section 103D-701, Hawaii Revised Statutes shall not apply to capital improvement projects authorized pursuant to this measure that are less than \$1,000,000; and provides for certain exemptions from county permitting, licensing and certification requirements for capital improvement projects authorized pursuant to this measure.

The Department supports the intent of this measure which would fund and expedite the implementation of projects to address its significant backlog of repair, maintenance and capital improvement work while also creating jobs to improve the economy; however, the Department has concerns regarding the cost implications it may have on the Administration's Executive Supplemental Budget request.

The Department notes that while expediting projects, protection of our natural and cultural resources and the environment should be maintained.

Thank you for the opportunity to comment.



STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813

**Senate Committee on Ways and Means
February 10, 2012
State Capitol, Room 211**

SB 2012 - Relating to the Public Funds

The Hawaii State Public Library System (HSPLS) strongly supports SB2012, proposed SD1.

This bill focuses on repair and maintenance projects as well as those projects that address health and safety concerns for all State agencies. "Completion of those projects will ensure the existence of well-maintained state facilities and infrastructure, which are essential to maintaining a positive business climate and strong economic foundation. Funding would be statewide and include efforts to eliminate current repair and maintenance backlogs." We could not agree more wholeheartedly on all these points. Our public library system's whole existence relies primarily on providing public facilities that are safe, comfortable and healthy, and secure for over 1 million patrons statewide.

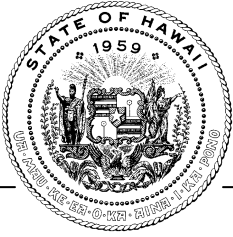
As of FY 2013, HSPLS has a backlog of over \$12M in critical Health and Safety capital improvement projects (CIP) and over \$5M critical repair and maintenance projects. Because we cannot timely schedule or fund all these backlog projects, they

turn into emergency repair or replacement projects which depletes our current CIP appropriations. We desperately need more funding to address this growing problem. Our backlog list can be provided at your committee's request.

This bill also directs HSPLS to use sustainable and renewable energy strategies to reduce energy consumption for the system. We have already implemented many energy efficiency projects including retrofitting of all light fixtures, window tinting where appropriate, Photovoltaic systems, and retro-commissioning assessments. With these additional funds, we can continue these energy strategies for the remainder of our public libraries.

One correction to the proposed SD1 of SB2012 on page 6 line 2: "provided that the department of education (DOE) may use up to ten per cent of the sum appropriated for projects of the Hawaii State library system that affect the health, safety, and welfare of the public." The Department of Accounting and General Services (DAGS), not the DOE, is the expending agency for all HSPLS CIP construction projects as well as contract administrator. Any and all funds for HSPLS CIP projects should be expended through DAGS and not the DOE.

Thank you for allowing us the opportunity to testify on this measure.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

NEIL ABERCROMBIE
GOVERNOR
RICHARD C. LIM
DIRECTOR
MARY ALICE EVANS
DEPUTY DIRECTOR
JESSE K. SOUKI
DIRECTOR
OFFICE OF PLANNING

OFFICE OF PLANNING

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824

Statement of
JESSE K. SOUKI
Director, Office of Planning
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 10, 2012
9:00 AM
State Capitol, Conference Room 211

in consideration of
SB 2012, PROPOSED SD 1
RELATING TO PUBLIC FUNDS.

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means.

SB 2012, Proposed SD1, will allow issuance of \$500,000,000 in general obligation bonds to fund the repair, maintenance, capital renewal, and deferred maintenance projects of various state entities, and streamlines the procurement process.

The Office of Planning (OP) is in support of the purpose of SB 2012, Proposed SD1, and offers a minor technical amendment to the language found in section 32, page 18 of the bill. We recommend that line 7 be amended to read as follows:

"... shall meet all federal[;] and state permits, license, and certificate requirements, and other applicable county code ..." This amendment will clarify which permits, licenses and certificates are required for capital improvement projects under \$1,000,000, and reduce misinterpretation of project requirements during the project planning and procurement process.

Thank you for the opportunity to submit testimony on this measure.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

**Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair**

February 10, 2011
Conference Room 211
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 2012 S.D.1, Relating to Public Funds Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements.

Bruce S. Anderson, Ph.D.
President and Chief Executive Officer
Hawaii Health Systems Corporation

The Hawaii Health Systems Corporation (HHSC) strongly supports SB 2012 S.D.1 that issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, including HHSC.

When HHSC was formed in 1997, the Corporation inherited antiquated facilities (some which were established over 80 years ago) with significant health, safety, and maintenance issues that hampered the facilities' ability to provide quality patient care. With the on-going support of the Legislature, HHSC has been successful in reducing its backlog of health and safety and deferred maintenance projects; however, a significant backlog of deferred maintenance still exists. In order for HHSC to continue its mission to provide accessible, high quality, cost-effective services that address the healthcare needs of Hawaii's unique island communities, this backlog of deferred maintenance must be addressed. As requested by this Committee, HHSC has provided Committee staff with a prioritized listing of projects totaling \$75,000,000 that fit the criteria in this legislation. The funding proposed in this bill would help provide badly-needed capital to

HHSC and stimulate the construction industry across all islands in the State of Hawaii. HHSC commends this Committee for its commitment to address the aging infrastructure that many state agencies face, and for its foresight in reducing the administrative burden normally associated with processing these types of projects.

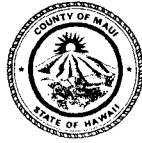
We would like to make one minor correction on page 13, Section 21, line 7 to strike the word “healthy” and replace it with “health” to properly reflect the name of the entity.

Thank you for the opportunity to testify in support of this measure.

Council Chair
Danny A. Mateo

Vice-Chair
Joseph Pontanilla

Council Members
Gladys C. Baisa
Robert Carroll
Elle Cochran
Donald G. Couch, Jr.
G. Riki Hokama
Michael P. Victorino
Mike White



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 8, 2012

The Honorable David Y. Ige, Chair
Senate Ways and Means Committee
Hawaii State Capitol, Conference Room 211
Honolulu, Hawaii 96813

Dear Chair Ige:

Re: Testimony in Support of Senate Bill 2012, S.D. 1 relating to Public Funds

As the Lana`i member on the Maui County Council, I would like to offer testimony in support of S.B. 2012, S.D. 1. This measure issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary; requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement; requires procurements of less than \$1,000,000 to be conducted through an electronic system; specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000, 000; provides for certain exemptions from county permitting, licensing, and certification requirements.

The proposed measure provides funds for needed repair and maintenance or other capital improvements to various public facilities. This measure is timely and a necessary investment for the future. In my view, the proposed amendments are reasonable.

Thank you for the opportunity to offer this testimony in support.

Sincerely,

A handwritten signature in black ink, appearing to read "Riki Hokama".

Riki Hokama, Councilmember- Lana`i

cc: Council Chair Danny Mateo

**Testimony to the Senate Committee on Ways and Means
Friday, February 10, 2012
9:00 a.m.
State Capitol - Conference Room 211**

RE: SENATE BILL NO. 2012 RELATING TO PUBLIC FUNDS

Chair Ige, Vice Chair Kidani, and members of the committee:

The Chamber of Commerce of Hawaii strongly supports S.B. No. 2012 relating to Public Funds.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

The purpose of this Act is to issue \$500,000,000 in general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments the University of Hawaii, the Hawaii health systems corporation, and the judiciary and to streamline the procurement process.

We fully support the efforts of the Legislature to assist with the implementation of CIP funded projects in order to help stabilize the economy.

Toward this end, we respectfully suggest that some additional language be added to the bill that will allow agencies hire private entities to assist with managing and processing the funded CIP projects. This will allow the funded projects to be processed by the agency with supplemental assistance from the private sector, similar to “program management.”

We believe that agencies need additional assistance to get these funded CIP projects out to contract as soon as possible. Naturally, safe guards should be in place to ensure that the program management is being done by an independent third party who has no interest in the planning/design or construction phases of the project.

Thank you for this opportunity to express our views.



Testimony to the Senate Committee on Ways and Means

Friday, February 10, 2012

9:00 a.m.

Conference Room 211

RE: Relating to Public Funds – Senate Bill 2012

Chair Ige, Vice Chair Kidani, and Members of the Committee:

My name is Gary Kai and I am the Executive Director of the Hawaii Business Roundtable. The Hawaii Business Roundtable supports SB 2012 that provides for the issuance of general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary.

The bill also provides for exemptions from county permitting, licensing, and certification requirements. While as a general rule the Roundtable supports steps to make the permitting and processing more efficient, we recommend that the counties be engaged in the process to insure compliance with safety and soundness regulations. We would also urge that private projects be afforded the opportunity to be able to take advantage of the same processing efficiencies being considered for State projects.

The just completed People's Pulse survey, conducted by the OmniTrak Group, showed that the top concern of our residents is Hawaii's economy. The state consumer confidence, a key barometer of residents overall outlook, remains at a level well below the levels pre-recession. The more worrisome indicator is that residents now think that the recovery in Hawaii will take almost 3 years to occur.

Having the State take a lead role in moving the economy forward is of great importance. The added benefit of being able to take advantage of an environment of historically low interest rates should not be overlooked. We believe that this bill and the resultant boost to construction will help to buoy consumer and business confidence in our economy and will provide real jobs at a time when they are so greatly needed.

Our members are prepared to be a part of, and support the vision created by this bill to get Hawaii back to work.

Thank you very much for the opportunity to testify.

Gary K. Kai, Executive Director
Hawaii Business Roundtable



Testimony of John White
Executive Director
The Pacific Resource Partnership

Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

SB 2012 – Relating to Public Funds
Friday, February 10, 2012
9:00 am
Conference Room 211

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

My name is John White, Executive Director of The Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP supports SB 2012 because it recognizes two tremendous needs in our state and creates a mechanism for satisfying both.

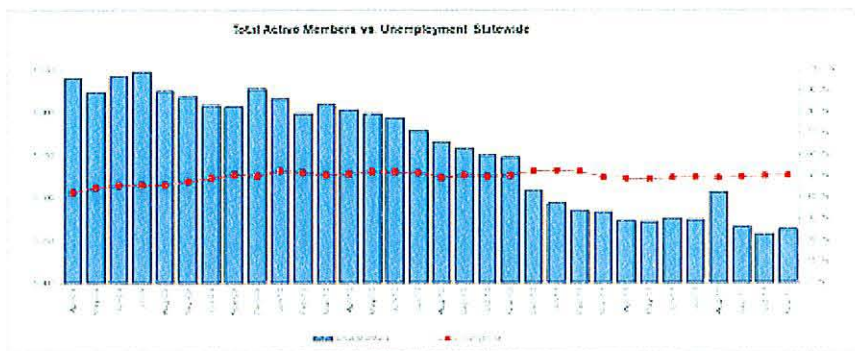
First, there is a massive backlog of repair and maintenance, capital renewal and deferred maintenance projects across the state. Much of our state's infrastructure is underfunded, aging, and growing increasingly inadequate to serve the needs of our families. Furthermore, the situation undermines the private sector's competitiveness.

Second, our economy is slowly recovering, but many unemployed construction workers in Hawai'i continue to face severe hardship. There is a vital need for bold, effective job creation efforts to accelerate the state's recovery and help our highly skilled, experienced workers, some of whom have been without jobs for years.

The construction industry took a big hit during the Great Recession, and unlike the visitor industry, it continues to suffer. Statewide, 50 percent of the active members of the Hawaii Regional Council of Carpenters are unemployed.



50% of Carpenters Unemployed



Hawaii Regional Council of Carpenters unemployment data as of December 2011

The Neighbor Islands have been especially hard hit. On Kaua'i and Maui, unemployment is over 50 percent. In Hilo, 58 percent are unemployed, and in Kona, a staggering 85 percent are unemployed. These families are suffering, and the social consequences are dire.



Neighbor Islands Hardest Hit

Hawaii Regional Council of Carpenters Unemployed Members as of December 2011	
Location	Percent of Active Members Unemployed
O'ahu	47%
Hilo	58%
Kona	85%
Maui	54%
Kaua'i	54%

In addition to the personal and social tragedies unemployment causes, the significant and sustained job losses in the construction industry have had a statewide economic impact. One way to understand this is by looking at the overall contribution construction-industry wages make to the state's economy. Since the high of \$2.54 billion in the first quarter of 2008, construction wages are now contributing \$700 million less to our overall economy. Those lost wages mean less overall spending on cars, appliances, clothes, household goods, and even food. The negative spiral affects all of us, not just the unemployed construction industry workers.



Lost \$700 Million in Industry Wages

Wages Paid by Hawai'i Construction Industry, 1990-2011

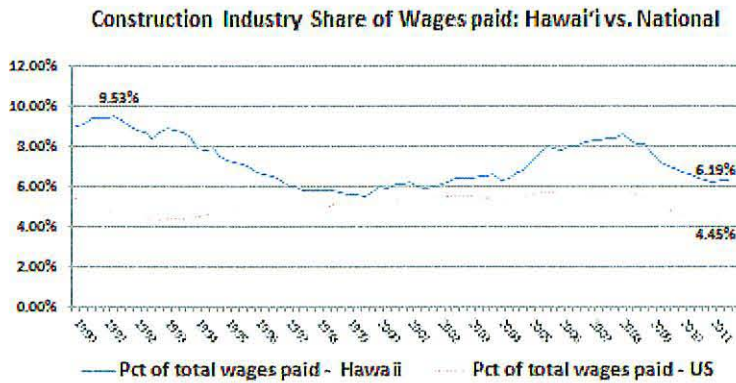


Source: Bureau of Economic Analysis

The good news is this: If we are able to kick-start the construction industry's recovery, we will have a greater impact on the overall economy than we would if the state invested in other areas. Our data show that the construction industry's share of wages paid account for more of the state's total wages paid than they do nationally. The investment proposed in SB 2012 will propel both the construction industry and the state's economy forward.



Construction Investment Has Greater Impact in Hawai'i

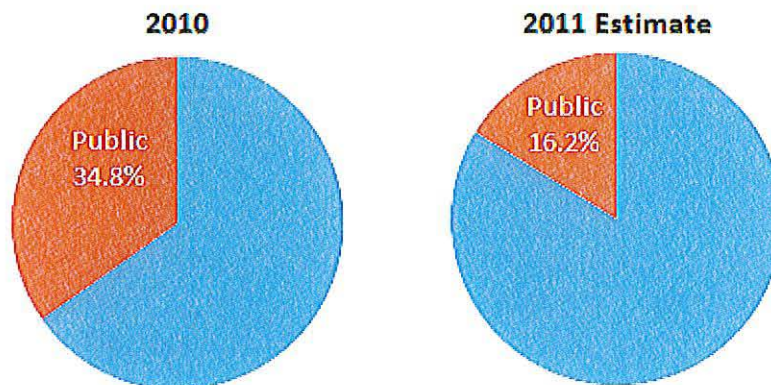


Sources: Bureau of Economic Analysis and PRP

SB 2012 comes at an important time. With ARRA funding and large-scale military construction projects coming to an end, CIP funding will play an even more important role in getting people back to work.



Government Contract Share of Total Construction Authorizations



Sources: DBEDT and PRP

Public spending on much needed repair and maintenance projects can provide stability to the construction industry while fulfilling a core function of state government. Whether now or later, aging public schools and other public structures must be repaired. In many cases, pushing needed repairs into the future would needlessly increase costs as more heavily damaged buildings cost more to repair than those only in need of minor repairs.



SB 2012 Offers Solution

- Repair and maintenance of our infrastructure is a core function of state government
- Increased investment in infrastructure will create much-needed jobs
- Paychecks will:
 - Ease economic hardship
 - Be spent quickly and locally
 - Boost local economies across the state

We know that well-designed infrastructure investments have long-term economic benefits. Increased investment in infrastructure will create much-needed jobs and put more money into the pockets of Hawai'i residents. These paychecks will ease economic hardship and likely be spent quickly and locally, thereby boosting local economies across the state. SB 2012 makes this future possible.

For these reasons we respectfully ask for your support on SB 2012.

Thank you for the opportunity to share our views with you.

HAWAII CONSTRUCTION ALLIANCE

Testimony of Peter Ganaban
Hawaii Construction Alliance

Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

SB 2012 – Relating to Public Funds
Friday, February 1, 2012
9:00 am
Conference Room 211

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

My name is Peter Ganaban and I'm here representing the Hawaii Construction Alliance. The Hawaii Construction Alliance is composed of the Operating Engineers, along with the Hawaii Laborers' Union, Local 368, Hawaii Masons' Union, Local #1 and Local #630, and Hawaii Regional Council of Carpenters (formerly the Hawaii Carpenters Union). The unions have a total of more than 15,000 members in the statewide alliance, which represents the four basic crafts of the construction industry: carpentry, heavy equipment, masonry and general labor.

The Hawaii Construction Alliance supports SB 2012. The bill represents the best way for the state to make needed repairs and get our members back to work.

The construction industry has been hard-hit by the economic downturn, and we still have a lot of people out of work. Being unemployed is very stressful. It's hard on our families. Our members want to work, and this bill will help them provide for their families.

Now is the time to spend on projects that will have long-term benefits. The state can take advantage of low interest rates, our members can get back to work, and our public buildings and facilities will be repaired. It's a win all the way around.

We humbly ask for your support of this bill.

Mahalo for this opportunity to present our views on this important measure.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 10, 2012

TO: THE HONORABLE SENATOR DAVID IGE, CHAIR, MICHELLE KIDANI,
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS
AND MEANS

SUBJECT: **STRONG SUPPORT OF S.B. 2012, PROPOSED SD1, RELATING TO PUBLIC FUNDS.** Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements. (Proposed SD1)

HEARING

DATE: Friday, February 10, 2012
TIME: 9:00 a.m.
PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80th anniversary this year; GCA remains the largest construction association in the State of Hawaii. GCA is in **strong support** of S.B. 2012, PROPOSED SD1, Relating to Public Funds.

This bill would authorize the issuance of state general obligation bonds for projects for the repair and renovation of state facilities and provisions to expedite the execution of construction projects.

GCA applauds the legislature's initiative for the introduction of this measure which will provide work for the construction industry, allow much needed repairs to schools and identify other public work projects that require immediate repair and maintenance. Moreover, GCA believes this measure will have a positive rippling effect in regards to jobs among other related industries and the overall economy in generating tax revenue.

GCA supports the enactment of S.B. 2012, PROPOSED SD1, as an economic stimulus tool to spur our economy and provide much needed jobs for our local citizens, while at the same time addresses the long backlog of maintenance and repair to our aging physical facilities that have been deferred due to lack of funding. This bill will help to speed up the current procurement process and get smaller upgrades and repairs, especially in our schools addressed.

We respectfully urge you to pass S.B. 2012, PROPOSED SD1.

Thank you for the opportunity to present our views on this bill.

SAH - Subcontractors Association of Hawaii

1188 Bishop St., Ste. 1003**Honolulu, Hawaii 96813-2938

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

February 10, 2012

Testimony To: Senate Committee on Ways and Means
Senator David Y. Ige, Chair

Presented By: Tim Lyons
President

Subject: S.B. 2012 – RELATING TO PUBLIC FUNDS

Chair Ige and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we have some very mixed emotions about this bill. The Subcontractors Association of Hawaii is composed of the following nine separate and distinct subcontracting organizations which include:

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

On the one hand, we would like to congratulate the Senate for making a very sincere attempt at improving a market for local construction jobs and we couldn't agree with you more that if you can spur construction activity, you will spur the overall economy.

While we are opposed to exemptions from the Procurement Code, we are in support of the concept of an expedited process for CIP, dependent on the terms of that expedited process. We think that it is important to note that the Procurement Code was developed in order to provide some consistency as to the way government does business. In the old days, we had multiple government agencies all doing business slightly differently, making for a very confusing set of instructions. Contractors went crazy trying to figure out what the rules were as they could change from agency to agency. That is why we supported the adoption of the Procurement Code and we still believe the concept of setting forth one prescriptive way to do business with government is the best, therefore we do not think an outright exemption from every provision in the Code is the way to go.

Over the years the Code has been developed with a variety of amendments that have put in place protections for those who do business with government. When we repeal the Code, we repeal those protections. Therefore we have trouble with Part XV (Section 29) which would exempt contracts that are less than \$500,000.00 from the Procurement Code.

Perhaps our biggest objection is the elimination of Section 103-302(b) which is that section which requires a listing of subcontractors. This proviso was put into the Procurement Code in order to protect subcontractors from bid chiseling by general contractors. In the public works arena, subcontractors are already providing general contractors with their lowest bid and subcontractor

listing prevents "bid chiseling" of those bids; something that we think is very undesirable when it comes to spending taxpayer money and public work projects.

Our mixed emotion comes with Section 31 which repeals the current UH exception for the subcontractor listing as well as the reporting mechanism. We do think that the UH exemption should be repealed and if there is no exemption, there is no need for a report.

Again, we oppose an outright exemption to the overall Procurement Code because we don't think that is going to be the solution. As we understand it, it is not the bidding process that causes delays, it is the permitting and design process that takes the longest for a project. We are not sure what we would accomplish other than pure confusion by allowing each agency to handle their procurement in different ways and we think the goal of a common set of rules with allowances for variances for special needs is the way to go. We are however, appreciative of the Senate's concern and your efforts in this area towards expediting jobs within the construction industry.

Thank you.

Testimony by
Al Lardizabal, Government Relations
Hawaii Laborers' Union, Local 368

In STRONG SUPPORT

Of

SB2012, SD1
Relating to Public Funds

To the Senate Committee on Ways and Means
Friday, February 10, 2012
9:00 a.m., Room 211
State Capitol

Senator David Ige, Chair, Senator Michelle Kidani, Vice Chair and Members of the Committee:

The Hawaii Laborers' Union appreciates the bold action by the Senate to tackle the serious problems of Hawaii's economic recovery through the introduction of SB2012 and SB2012, SD1. The fact that every signature by the senators of SB 2012 was underlined signifies that each senator is also a full-fledged sponsor of this very important bill and committed to action. The message is very strong and very clear: the Senate means business.

The construction industry, we believe, is the only major sector in our economy that has not recovered from the recession. All other sectors seem to have some positive gains especially in the visitor industry. The Hawaii Laborers' Union is affected by a 20% unemployment rate today. I believe that other construction trades are also in a similar situation with many of their members unemployed for many, many months and at times, over one to two years. The low funding status of the state unemployment insurance fund is testimony to the unemployment in Hawaii.

SB2012, SD1 is badly needed. It authorizes the issue of \$500,000,000 in general obligation bonds. It is imperative that the state invest in "pump priming" the economy in the absence of major capital infusion into the state from the private sector for construction. We believe this is because of the long and unpredictable land use, zoning and permitting processes together with uncertainty of the national economy. Investors want some level of predictability for development and construction projects.

SB2012, SD1 amends the original bill to provide more specific language for the planning, design, construction, and equipment necessary for the capital improvement projects. This should avoid delays in the interpretation of the authorization to expend the funds on whether the appropriation is for construction only or whether it includes planning and design. The adding of the equipment category should make the completed facility near ready for operational use.

SB2012, SD1 also raises the procurement exemption amount for contracts from \$500,000 to \$1,000,000. This should add additional projects that are necessary for repairs and maintenance on an expedited process. We look forward to the various state agencies in expediting where possible, the planning, design, procurement and award processes that will lead to the encumbrance of the full \$500,000,000 authorization.

Thank you for the opportunity to submit this testimony.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

"Building Better Communities"

2012 Officers

President

Dean I. Asahina
Universal Construction, Inc.

President-Elect

Greg Thielen
Complete Construction Services Corp.

Vice President

Brian Adachi
BKA Builders, Inc.

Treasurer

Timothy J. Waite
Simpson Strong-Tie Co., Inc.

Secretary

Michael J. Brant
Gentry Homes, Ltd.

Special Appointee-Builder

Paul D. Silen
Hawaiian Dredging Construction Co., Inc.

Special Appointee-Associate

Craig Washofsky
Servco Home & Appliance Distribution

Immediate Past President

James Byxbee
Homeworks Construction, Inc.

**Executive Vice President/
Chief Executive Officer**

Karen T. Nakamura
BIA-Hawaii

2012 Directors

Clifton Crawford

C&J Contracting, Inc.

David S. Chang

CS Design Builders

Dean Uchida

SSFM International, Inc.

Gary T. Okimoto

Honolulu Wood Treating

Guy J. Shindo

First Hawaiian Bank

James Dixon

Island Insurance Company, Ltd.

Karin L. Holma

Bays Lung Rose & Holma

Mark Kennedy

HASEKO Construction Kamakana, LLC

Marnie Koga Hurst

Mega Construction

Scotty Anderson

Pacific Rim Partners

Sunny Walsh

Hunt Building Company, Ltd.

W. Bruce Barrett

Castle & Cooke Homes Hawaii, Inc.

Testimony to the Senate Committee on Ways and Means

Friday, February 10, 2012

9:00 a.m.

State Capitol, Room 211

RE: S.B. 2012, Relating to Public Funds

Good morning Chair Ige, Vice Chair Kidani, and members of the committee:

My name is Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, BIA-Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii **strongly supports S.B. No. 2012**, which proposes to issue general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. It also will exempt contracts of less than \$500,000 entered into by the department of education, University of Hawaii, department of accounting and general services, department of agriculture, department of defense, department of health, Hawaii health systems corporation as a body corporate and politic, department of human services, department of land and natural resources, department of public safety, and judiciary from the procurement code. It will provide for exemptions from county permitting, licensing, and certification requirements. Finally, it will require the procurement policy board to create an expedited procurement process for contracts resulting from appropriations made pursuant to this Act.

The purpose of this Act is to issue \$500,000,000 in general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments the University of Hawaii, the Hawaii health systems corporation, and the judiciary and to streamline the procurement process.

We fully support the efforts of the Legislature to assist with the implementation of CIP funded projects in order to help stabilize the economy.

Toward this end, we respectfully suggest that additional language be added to the bill that will allow agencies to hire private entities to assist with managing and processing the funded CIP projects. This will allow the funded projects to be processed by the agency with supplemental assistance from the private sector, similar to "program management."

We believe that agencies need additional assistance to get these funded CIP projects out to contract as soon as possible. Naturally, safe guards should be in place to ensure that the program management is being done by an independent third party who has no interest in the planning/design or construction phases of the project.

For the foregoing reasons, BIA-Hawaii **strongly supports S.B. 2012.**

Thank you for the opportunity to testify.

A handwritten signature in black ink that reads "Karen I. Nakamura". The signature is written in a cursive style with a large initial 'K' and a long, sweeping tail.

EVP/CEO
BIA-Hawaii



Testimony to Senate Committee Ways and Means

Friday, February 10, 2012

9:00 a.m.

Capitol Room 211

RE: S.B. 2201 Proposed SD1, Relating to Public Funds

Good morning Chair Ige, Espero, Vice-Chair Kidani, and members of the Committee:

My name is Gladys Quinto Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, BIA-Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii **strongly supports S.B. No. 2012 Proposed SD1**, which proposes to issue general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. It also will exempt contracts of less than \$1,000,000 entered into by the department of education, University of Hawaii, department of accounting and general services, department of agriculture, department of defense, department of health, Hawaii health systems corporation as a body corporate and politic, department of human services, department of land and natural resources, department of public safety, and judiciary from the procurement code. It will provide for exemptions from county permitting, licensing, and certification requirements. Finally, it will require the procurement policy board to create an expedited procurement process for contracts resulting from appropriations made pursuant to this Act.

The purpose of this Act is to issue \$500,000,000 in general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments the University of Hawaii, the Hawaii health systems corporation, and the judiciary and to streamline the procurement process.

We fully support the efforts of the Legislature to assist with the implementation of CIP funded projects in order to help stabilize the economy.

Toward this end, we respectfully suggest that additional language be added to the bill that will allow agencies to hire private entities to assist with managing and processing the funded CIP projects. This will allow the funded projects to be processed by the agency with supplemental assistance from the private sector, similar to "program management."

Senator Ige, Chair
Ways & Means
February 10, 2012
SB 2012 SD1

We believe that agencies need additional assistance to get these funded CIP projects out to contract as soon as possible. Naturally, safe guards should be in place to ensure that the program management is being done by an independent third party who has no interest in the planning/design or construction phases of the project.

For the foregoing reasons, BIA-Hawaii **strongly supports S.B. 2012 SD1.**

Thank you for the opportunity to testify.



AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Hawaii

President

Douglas Lee, P.E.
Brown and Caldwell
Ph: (808) 523-8499

President-Elect

Terrance Arashiro, P.E.
Austin, Tsutsumi & Assoc.
Ph: (808) 533-3646

Treasurer

Mike Street, P.E.
Bowers + Kubota Consulting
Ph: (808) 836-7787

Secretary

Beverly Ishii-Nakayama, P.E.
Shigemura, Lau, Sakanashi,
Higuchi & Assoc.
Ph: (808) 942-9100

Past President

Sheryl Nojima, P.E., Ph.D.
Gray Hong Nojima & Assoc.
Ph: (808) 521-0306

National Director

John Katahira, P.E.
The Limtiaco Consulting Group
Ph: (808) 596-7790

Directors

Joel Yuen, P.E.
Insynergy Engineering
Ph: (808) 521-3773

Robin Lim, P.E.
Geolabs
Ph: (808) 841-5064

William H.Q. Bow, P.E.
Bow Engineering
Ph: (808)941-8853

Ginny M. Wright
Executive Director
P.O. Box 88840
Honolulu, HI 96830
Ph: (808) 234-0821
Cell: (808) 741-4772
Fx: (808) 234-1721
Email: gwright@acechawaii.org
Website: www.acechawaii.org

February 9, 2012

Senate Committee on Ways and Means

Hearing Date: Friday, February 10, 9 a.m., Conference Room 211

Honorable Chair David Y. Ige, Vice Chair Michelle N. Kidani, and Members of the Senate Committee on Ways and Means:

Subject: **SB 2012, Relating to Public Funds**
TESTIMONY IN OPPOSITION (unless portions amended)

Dear Chair Ige, Vice-Chair Kidani, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH), representing 65 member firms with over 1,800 employees throughout Hawaii, applauds the Legislature's efforts to take bold steps to stimulate the construction industry. We strongly support the issuance of \$500,000,000 in general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments.

However, we have significant concerns about PART XVI, which seeks to expedite procurement (Section 31) and to exempt projects from County permits (Section 32).

SECTION 31 (Related to Procurement)

ACECH believes strongly that adherence to proper procurement policy remains in the best interest of the public. While speeding up the process is an admirable goal, in our experience in working with State agencies, contract administration provides far more significant delays than the procurement process. Architect/Engineering (A/E) firms are often quickly selected, but wait for months (or more than a year!) for a contract from the agency. If this bill passes, we strongly encourage increased funding for contract administration positions at the agencies.

ACECH strongly defends Qualification-Based Selection (QBS) for the procurement of design professional services. HRS 103D-304 provides for fair and proper award of public contracts, in a manner open and transparent to the public. This QBS approach provides the nationally recognized best method for procurement of design professional services.

Almost all contracts for design professional services would be less than \$1,000,000. Using 103D-305, instead of 103D-304 to procure such services, would set us back 15 years and potentially move us back to the abuses of the past, where A/E firms and State and County officials were accused of procurement violations. We are concerned that eliminating 103D-304 for the procurement of professional services is counter to the public interest in an open and transparent procurement process. Therefore, we propose the following amendment to SB2012:

SECTION 31. Notwithstanding sections 103D-305 and 103D-701, Hawaii Revised Statutes, to the contrary, procurements for construction, goods, or services for the capital improvement projects authorized by this Act shall be made pursuant to section 103D-305, Hawaii Revised Statutes, including the performance and payment bond requirements thereunder; provided that:

- (1) Each procurement for construction shall be less than \$1,000,000;
- (2) Each procurement for goods or services shall be less than \$1,000,000;
- (3) Procurements of less than \$1,000,000 shall be conducted through an electronic system;
and
- (4) Section 103D-701, Hawaii Revised Statutes, shall not apply to procurements of less than \$1,000,000; **and**
- (5) Section 103D-304, Hawaii Revised Statutes, shall remain in effect for the procurement of design professional services.



AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Hawaii

President

Douglas Lee, P.E.
Brown and Caldwell
Ph: (808) 523-8499

President-Elect

Terrance Arashiro, P.E.
Austin, Tsutsumi & Assoc.
Ph: (808) 533-3646

Treasurer

Mike Street, P.E.
Bowers + Kubota Consulting
Ph: (808) 836-7787

Secretary

Beverly Ishii-Nakayama, P.E.
Shigemura, Lau, Sakanashi,
Higuchi & Assoc.
Ph: (808) 942-9100

Past President

Sheryl Nojima, P.E., Ph.D.
Gray Hong Nojima & Assoc.
Ph: (808) 521-0306

National Director

John Katahira, P.E.
The Limtiaco Consulting Group
Ph: (808) 596-7790

Directors

Joel Yuen, P.E.
Insynergy Engineering
Ph: (808) 521-3773

Robin Lim, P.E.
Geolabs
Ph: (808) 841-5064

William H.Q. Bow, P.E.
Bow Engineering
Ph: (808)941-8853

Ginny M. Wright
Executive Director
P.O. Box 88840
Honolulu, HI 96830
Ph: (808) 234-0821
Cell: (808) 741-4772
Fx: (808) 234-1721
Email: gwright@acechawaii.org
Website: www.acechawaii.org

SECTION 32 (Related to Exemptions from County Permits)

While we again appreciate the desire to expedite projects, we are concerned about the problems that may arise with waiving County permit review. The building permit and other permit systems are in place to protect public safety and welfare (including quality of life and the environment). We also know that the City's permit review process is integral to the City's compliance with some Federal permits, such as the Clean Water Act permit for their stormwater (MS4) system. For example, the City's Storm Water Management Program Plan, an essential component of the City's NPDES Permit under the Clean Water Act, describes the City's responsibilities for monitoring and evaluating a construction project's storm water control measures. The responsibilities and requirements vary according to the size of the project, but apply to every project. Exempting some projects from the City's permit review process may put the City in violation of their NPDES permit.

Rather than eliminating permitting requirements, we feel a better approach is to work with the counties to find ways to expedite the review process, and ACECH has been working toward such a goal. For example, we have been encouraging agencies to limit iterative reviews. In the past, we've found that an agency will conduct a review and provide comments. The applicant will respond and provide revised submittals, and the agency will provide another round of comments, many of which are in addition to, and not related to, the first round of comments. Applicants should be able to expect to receive one comprehensive review and we are working with the City through our City Liaison Committee to reinforce that goal.

Again, we greatly appreciate your efforts to expedite public works projects, and thank you for the opportunity to comment on this bill. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,

AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

Janice C. Marsters, Ph.D.
Past President and Legislative Committee Co-Chair

PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



PLUMBING AND MECHANICAL
CONTRACTORS ASSOCIATION
OF HAWAII

TELEPHONE: (808) 597-1216
FAX: (808) 597-1409
1314 S. King Street, Suite 961
Honolulu, Hawaii 96814

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via Email

February 9, 2012

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice-Chair
Senate Committee on Ways and Means
The Twenty-Sixth Legislature, Regular Session of 2012

Chair Ige, Vice Chair Kidani, and Members of the Committee:

SUBJECT: SB2012 Relating to Public Funds

My name is Gregg Serikaku. I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii. Our Association represents over 40 major plumbing and mechanical contractors who employ over 1,000 mechanics, technicians, managerial staff, and administrative personnel here in Hawaii.

The Association for which I speak submits the following comments to SB2012.

We propose that the expedited procurement process include the subcontractor listing and scope of work requirement for all construction projects that are awarded on a low-bid basis to include Competitive Sealed Bids, and Small Purchases.

Exclusion of the subcontractor listing and scope of work requirements will not expedite construction and will only serve to create the predatory practice of "bid-shopping" which results in higher costs, more protests, longer delays during construction, and substandard workmanship and materials.

Bid shopping is when the general contractor is awarded a job by utilizing the prices of reputable subcontractors in his bid and then proceeds to "shop" the original subcontractors' prices after the award in order to lower his costs. This "bid shopping" **does not reduce the costs to the agency** and only serves to increase the profit of the general contractor, all at the expense of the reputable subcontractors.

Furthermore, often times when subcontractors get work through bid shopping, their price to actually do the work is too low, which results in subcontractors who may not have properly evaluated the costs and logistics of a project and end up producing low quality work or delaying or defaulting on a project. If the subcontractor listing is eliminated, "bid shopping" will become "standard" practice and we will have the domino affect with more subcontractors getting into financial trouble and more subcontractors doing lower quality work.

In summary, this bill hurts reputable subcontractors, encourages unethical business practices, and does not expedite the procurement process. In fact, we believe this bill would result in the opposite effect of having further delays due to numerous protests that is sure to be lodged by contractors.

We therefore respectfully urge the committee to hold this bill.

Respectfully yours,

Gregg S. Serikaku
Executive Director

February 8, 2012

The Honorable Senator David Ige, Chair
Senate Committee on Ways and Means
Hawai'i State Capitol

RE: Testimony opposing SB 2012 SD1 relating to Public Funds

Aloha Chair Ige and Committee Members:

The proposed SD 1 exempts from all county permits, licenses and certificate requirements the plethora of capital improvement projects of less than \$1Million authorized under this act; provided that the capital improvement projects shall meet all federal, state, and other applicable county code requirements.

While we agree that SB2012 would be beneficial to the state in numerous ways, including positive economic benefits, there is no acceptable rationale for exempting the projects authorized under the act from county approvals.

In some cases this might mean county regulations designed to protect life and property such as electrical and building codes. It could mean an exemption from the Special Management Area permit system. The SMA system has been a proven catalyst for protecting, restoring and responsibly developing Hawaii's coastal communities and resources. It is the cornerstone of Hawaii's Coastal Zone Management program.

The potential impacts of government CIP projects are no different from the potential impacts of any other type of development. Electrical wiring not installed to meet county codes is just as dangerous in a government repair and maintenance project as it is in a home project. In both cases no corners should be cut. The same is true for projects that might trigger the SMA process. All government projects should meet the same standards as private projects for the benefit of the Hawaii's people and environment, even if approval takes a little longer.

In addition to these specific issues SB2012 is an assault on home rule and strips the counties of regulatory authority. We are often told that statewide legislation isn't appropriate because legislators shouldn't be telling the counties how to run their business. County permits are county business. Not the business of the state legislature.

We believe there is another approach. We suggest urging or even directing the counties to adopt a streamlined approval process for county permits that allows projects authorized under this act to move to the head of the line and receive priority consideration. This should be helpful in speeding up approvals while protecting Hawaii.

On behalf of thousands of statewide members of The Outdoor Circle, please hold this bill.

Respectfully,

Bob Loy
Director of Environmental Programs

Grace Pacific
C O R P O R A T I O N
P.O. Box 78 / Honolulu, Hawaii 96810

Administrative Office (808) 674-8383 fax (808) 674-1040
Paving Office (808) 845-3991 fax (808) 842-3206
Quarry Office (808) 672-3545 fax (808) 672-3998



Via E-mail: WAMTestimony@capitol.hawaii.gov
Facsimile: (808) 586-6230

February 9, 2012

TO: THE HONORABLE SENATORS DAVID IGE, CHAIR, MICHELLE KIDANI, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: **STRONG SUPPORT OF S.B. 2012, PROPOSED SD1, RELATING TO PUBLIC FUNDS.** Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements. (Proposed SD1)

HEARING

DATE: Friday, February 10, 2012

TIME: 9:00 a.m.

PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

Grace Pacific Corporation is in **strong support** of S.B. 2012, PROPOSED SD1, Relating to Public Funds.

This bill would authorize the issuance of state general obligation bonds for projects for the repair and renovation of state facilities and provisions to expedite the execution of construction projects.

Grace Pacific Corporation appreciates the legislature's initiative for the introduction of this measure which will provide work for the construction industry, allow much needed repairs to schools and identify other public work projects that require immediate repair and maintenance. Additionally, Grace Pacific Corporation believes this measure will have a positive rippling effect in regards to jobs among other related industries and the overall economy in generating tax revenue.

Grace Pacific Corporation supports the enactment of S.B. 2012, PROPOSED SD1, as an economic stimulus tool to spur our economy and provide much needed jobs for our local citizens, while at the same time addresses the long backlog of maintenance and repair to our aging physical facilities that have been deferred due to lack of funding. This bill will help to speed up the current procurement process and get smaller upgrades and repairs, especially in our schools addressed.

We respectfully request that this Committee pass S.B. 2012, PROPOSED SD1.

Thank you for the opportunity to share our support on this measure.



Raymond Nii
Grace Pacific Corporation
Manager, Eng, Admin, IDIQ

KING & NEEL, INC.

1164 Bishop Street • Suite 1710 • Honolulu, Hawaii 96813
Telephone: (808) 521-8311
Fax: (808) 526-3893



February 9, 2012

TO: THE HONORABLE SENATORS DAVID IGE, CHAIR, MICHELLE KIDANI,
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS
AND MEANS

SUBJECT: **STRONG SUPPORT OF S.B. 2012, PROPOSED SD1, RELATING TO PUBLIC FUNDS.** Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements. (Proposed SD1)

HEARING

DATE: Friday, February 10, 2012
TIME: 9:00 a.m.
PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

King & Neel, Inc. is in **strong support** of S.B. 2012, PROPOSED SD1, Relating to Public Funds.

This bill would authorize the issuance of state general obligation bonds for projects for the repair and renovation of state facilities and provisions to expedite the execution of construction projects.

King & Neel, Inc. appreciates the legislature's initiative for the introduction of this measure which will provide work for the construction industry, allow much needed repairs to schools and identify other public work projects that require immediate repair and maintenance. Additionally, King & Neel, Inc. believes this measure will have a positive rippling effect in regards to jobs among other related industries and the overall economy in generating tax revenue.

King & Neel, Inc. supports the enactment of S.B. 2012, PROPOSED SD1, as an economic stimulus tool to spur our economy and provide much needed jobs for our local citizens, while at the same time addresses the long backlog of maintenance and repair to our aging physical facilities that have been deferred due to lack of funding. This bill will help to speed up the current procurement process and get smaller upgrades and repairs, especially in our schools addressed.

We respectfully request that this Committee pass S.B. 2012, PROPOSED SD1.

Thank you for the opportunity to share our support on this measure.



S & M SAKAMOTO, INC.
GENERAL CONTRACTORS

Via E-mail: WAMTestimony@capitol.hawaii.gov
Facsimile: (808) 586-6230

February 10, 2012

TO: THE HONORABLE SENATORS DAVID IGE, CHAIR, MICHELLE KIDANI,
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS
AND MEANS

SUBJECT: **STRONG SUPPORT OF S.B. 2012, PROPOSED SD1, RELATING TO PUBLIC FUNDS.** Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements. (Proposed SD1)

HEARING

DATE: Friday, February 10, 2012
TIME: 9:00 a.m.
PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

S&M Sakamoto, Inc. is in **strong support** of S.B. 2012, PROPOSED SD1, Relating to Public Funds.

This bill would authorize the issuance of state general obligation bonds for projects for the repair and renovation of state facilities and provisions to expedite the execution of construction projects.

S&M Sakamoto, Inc. appreciates the legislature's initiative for the introduction of this measure which will provide work for the construction industry, allow much needed repairs to schools and identify other public work projects that require immediate repair and maintenance. Additionally, S&M Sakamoto, Inc. believes this measure will have a positive rippling effect in regards to jobs among other related industries and the overall economy in generating tax revenue.

S&M Sakamoto, Inc. supports the enactment of S.B. 2012, PROPOSED SD1, as an economic stimulus tool to spur our economy and provide much needed jobs for our local citizens, while at the same time addresses the long backlog of maintenance and repair to our aging physical facilities that have been deferred due to lack of funding. This bill will help to speed up the current procurement process and get smaller upgrades and repairs, especially in our schools addressed.

We respectfully request that this Committee pass S.B. 2012, PROPOSED SD1.

Thank you for the opportunity to share our support on this measure.

Sincerely,

S&M Sakamoto, Inc.

A handwritten signature in black ink, appearing to read "Dennis M. Ideta". The signature is fluid and cursive, with a large initial "D" and "M".

Dennis M. Ideta
Senior Vice President



RALPH S. INOUE CO LTD
GENERAL CONTRACTOR

2831 Awaawaloa Street
Honolulu, Hawaii 96819

T: 808.839.9002
F: 808.833.5971

License No. ABC-457
Founded in 1962

Uploaded via Capitol Website

February 10, 2012

TO: THE HONORABLE SENATOR DAVID IGE, CHAIR, MICHELLE KIDANI,
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS
AND MEANS

SUBJECT: **STRONG SUPPORT OF S.B. 2012, PROPOSED SD1, RELATING TO PUBLIC FUNDS.** Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements. (Proposed SD1)

HEARING

DATE: Friday, February 10, 2012
TIME: 9:00 a.m.
PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

My name is Lance Inouye and I am President of Ralph S. Inouye Co., Ltd. (RSI), General Contractor and a member of the General Contractors Association of Hawaii (GCA). RSI is in **strong support** of S.B. 2012, PROPOSED SD1, Relating to Public Funds.

This bill would authorize the issuance of state general obligation bonds for projects for the repair and renovation of state facilities and provisions to expedite the execution of construction projects.

RSI applauds the legislature's initiative for the introduction of this measure which will provide work for the construction industry, allow much needed repairs to schools and identify other public work projects that require immediate repair and maintenance. Moreover, we believe this measure will have a positive rippling effect in regards to jobs among other related industries and the overall economy in generating tax revenue.

Honorable David Ige, Chair
Senate Committee on Ways and Means
February 10, 2012
Page 2 of 2

RSI supports the enactment of S.B. 2012, PROPOSED SD1, as an economic stimulus tool to spur our economy and provide much needed jobs for our local citizens, while at the same time addresses the long backlog of maintenance and repair to our aging physical facilities that have been deferred due to lack of funding. This bill will help to speed up the current procurement process and get smaller upgrades and repairs, especially in our schools addressed.

We respectfully urge you to pass S.B. 2012, PROPOSED SD1.

Thank you for the opportunity to present our views on this bill.

HEALY TIBBITTS BUILDERS, INC.

General Contractors

99-994 Iwaena Street • Suite A • Aiea, Hawaii 96701

Telephone: (808) 487-3664 • Facsimile: (808) 487-3660

Via E-mail: WAMTestimony@capitol.hawaii.gov

Facsimile: (808) 586-6231

February 10, 2012

TO: THE HONORABLE SENATORS DAVID IGE, CHAIR, MICHELLE KIDANI, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: **STRONG SUPPORT OF S.B. 2012, PROPOSED SD1, RELATING TO PUBLIC FUNDS.** Issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary. Requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000 to use section 103D-305, HRS, as the method for procurement. Requires procurements of less than \$1,000,000 to be conducted through an electronic system. Specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000. Provides for certain exemptions from county permitting, licensing, and certification requirements. (Proposed SD1)

HEARING

DATE: Friday, February 10, 2012

TIME: 9:00 a.m.

PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

Healy Tibbitts Builders, Inc. is in **strong support** of S.B. 2012, PROPOSED SD1, Relating to Public Funds.

This bill would authorize the issuance of state general obligation bonds for projects for the repair and renovation of state facilities and provisions to expedite the execution of construction projects.

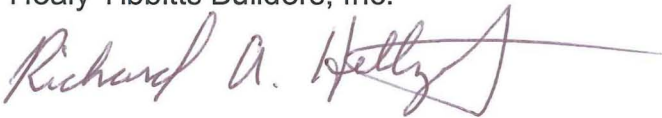
Healy Tibbitts Builders, Inc. appreciates the legislature's initiative for the introduction of this measure which will provide work for the construction industry, allow much needed repairs to schools and identify other public work projects that require immediate repair and maintenance. Additionally, Healy Tibbitts Builders, Inc. believes this measure will have a positive rippling effect in regards to jobs among other related industries and the overall economy in generating tax revenue.

Healy Tibbitts Builders, Inc. supports the enactment of S.B. 2012, PROPOSED SD1, as an economic stimulus tool to spur our economy and provide much needed jobs for our local citizens, while at the same time addresses the long backlog of maintenance and repair to our aging physical facilities that have been deferred due to lack of funding. This bill will help to speed up the current procurement process and get smaller upgrades and repairs, especially in our schools addressed.

We respectfully request that this Committee pass S.B. 2012, PROPOSED SD1.

Thank you for the opportunity to share our support on this measure.

Very truly yours,
Healy Tibbitts Builders, Inc.

A handwritten signature in dark ink, reading "Richard A. Heltzel". The signature is written in a cursive style with a long horizontal line extending to the right.

Richard A. Heltzel
President



Alan Shintani Inc.
GENERAL CONTRACTOR BC 13068

February 10, 2012

Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: SB 2012, Proposed SD1, Relating to Public Funds

Dear Chair Ige, Vice Chair Kidani, and Members of the Committee:

Alan Shintani, Inc. strongly supports SB 2012, PROPOSED SD1, Relating to Public Funds.

The purpose of this Act is to issue \$500,000,000 in general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects for the repair and renovation of state facilities and provisions to expedite the execution of construction projects.

Alan Shintani, Inc. appreciates the legislature's initiative for the introduction of this measure, which will provide work for the construction industry, allow the much-needed repairs to schools and identify other public work projects that require immediate repair and maintenance. Additionally, Alan Shintani, Inc. believes this measure will have a positive rippling effect in regards to jobs among other related industries and the overall economy in generating tax revenue.

The purpose of this Act is to issue \$500,000,000 in general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments the University of Hawaii, the Hawaii health systems corporation, and the judiciary and to streamline the procurement process.

Alan Shintani, Inc. supports the efforts of the Legislature to assist with the implementation of CIP funded projects in order to help stabilize the economy.

Toward this end, I respectfully suggest that additional language be added to the bill that will allow agencies to hire private entities to assist with managing and processing the funded CIP projects. This will allow the funded projects to be processed by the agency with supplemental assistance from the private sector, similar to "program management."

I believe that agencies need additional assistance to get these funded CIP projects out to contract as soon as possible. Naturally, safe guards should be in place to ensure that an independent, third party who has no interest in the planning and design or construction phases of the project manages the program.

Alan Shintani, Inc. supports S.B. 2012, PROPOSED SD1. As an economic stimulus tool to spur our economy, it will provide much-needed jobs for our local citizens, while at the same time address the long backlog of maintenance and repair to our aging physical facilities that have been deferred due to lack of funding. This bill will help to speed up the current procurement process and get smaller upgrades and repairs, especially in our schools addressed.

Thank you for the opportunity to share my support on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Alan Shintani".

President
Alan Shintani, Inc.



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

Gentry Pacific Design Center, Suite 215A * 560 N. Nimitz Highway, #50 * Honolulu, Hawaii 96817
(808) 524-2249 - FAX (808) 524-6893

February 9, 2012

REGINALD CASTANARES

President

Plumbers & Fitters Local 675

DAMIEN T.K. KIM

Vice President

International Brotherhood of
Electrical Workers Local 1186

THADDEUS TOMEI

Treasurer

Elevator Constructors Local 126

GARY AYCOCK

Sergeant At Arms

Boilermakers, Ironship Builders
Local 204

DOUGLAS FULP

Trustee

International Assoc. of Heat & Frost
Insulators & Allied Workers Local 132

PETER GANABAN

Trustee

Laborers' International Union of
North America Local 368

NOLAN MORIWAKI

Bricklayers & Ceramic Tile Setters

Local 1 & Plasterers

Local 630 Cement Masons

JOSEPH O'DONNELL

Iron Workers Local 625

ART TOLENTINO

Sheet Metal Workers I.A. Local 293

LYNN KINNEY

District Council 50

Painters & Allied Trades Local 1791

Carpet, Linoleum, & Soft Tile

Local 1926

Drywall, Tapers & Finishers

Local 1944

Glaziers, Architectural Metal &

Glassworkers Local 1889

PANE MEATOGA

Operating Engineers Local 3

RONAN KOZUMA

Hawaii Teamsters & Allied

Workers Local 996

VAUGHN CHONG

Roofers, Waterproofers & Allied

Workers United Union of Roofer

Local 221

Honorable Senator David Ige, Chair
Honorable Senator Michelle Kidani, Vice Chair
Members of the Committee on Ways and Means
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813

RE: **IN SUPPORT** with Comments OF SB2012 SD1 RELATING TO PUBLIC FUNDS
Hearing: Friday, February 10, 2012, 9:00 a.m. Conference Room 211

Honorable Chair, Vice Chair and Committee Members;

The Hawaii Building & Construction Trades Council, AFL-CIO is comprised of 16 out of 17 construction trade unions throughout Hawaii. With an estimated membership of 20,000 statewide, our primary mission is to provide employment opportunities and living wages for the many working men and women we represent.

The Council SUPPORTS the general intent of SB2012 SD1, which issues general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various departments, the University of Hawaii, Hawaii health systems corporation, and the judiciary, requires that capital improvement projects authorized pursuant to this Act for goods, services, or construction less than \$1,000,000, use section 103D-305, HRS, as the method for procurement, requires procurements of less than \$1,000,000 to be conducted through an electronic system, specifies that section 103D-701, HRS, shall not apply to capital improvement projects that are less than \$1,000,000, and provides for certain exemptions from county permitting, licensing, and certification requirements.

We strongly support the intent of SD1, which proposes to reinvigorate our economy and provide for much-needed repairs and maintenance to our states aging facilities. The state has done much to reduce its debt service and improve its overall financial position which makes the passage of this measure not only socially and economically timely and justified, but critical to the state of Hawaii, the maintenance of its resources and its economic recovery.

We applaud the efforts of the Senate and the drafters of this measure, however, we would like to offer a few comments and/or friendly requests to consider as this measure moves forward.

Although, generally speaking, we support streamlining processes that allow projects to move towards actual construction, we are very cautious of changes to, or exemptions from the existing procurement process which is in place to ensure the fair and equitable disposition of state funded projects. Part XVI, Section 31 of this measure provides for certain exemptions to the current procurement procedures that we feel may not result in such fair and equitable outcomes and instead, may lead to unintended consequences that can directly affect our members.

As a compromise the Council would like to request your consideration of inserting language that will either require the listing of subcontractors and scope of work for projects authorized under this Act or require that projects funded under this Act be packaged individually or "un-bundled" in a manner that will allow contractors of all levels/tiers the opportunity to directly bid on such project(s).

Our understanding is that opposition of the requirement to list subs and scope of work on bid submittals is due to the supposed protests to bid awards that occur as a result of such sub listing. Under this measure, all projects authorized under this Act will be exempt from protest provisions provided for in HRS 103D-701, therefore we feel in this case, the concerns opponents have towards sub listing will not exist. We humbly ask that our requests be considered as this measure makes its way through the legislative process and look forward to taking part in future discussions that may directly impact the construction industry and our members.

Thank you for the opportunity to provide testimony on SB2012 SD1.

Respectfully;
Kika G. Bukoski
Hawaii Building and Construction Trades Council